

SECRET

A BRIEF HISTORY OF AMERICAN INTELLIGENCE

A TALK GIVEN TO THE JOT CLASS BY THE
INSPECTOR GENERAL ON 18 JULY 1960

I shall give you this morning a brief history of American intelligence. As [redacted] pointed out, it is a brief history because basically we had no intelligence services through the greater period of our history. In fact, one could quite appropriately say the history of what intelligence work we did is quite parallel to American history. There is an axiom in intelligence work that in times of adversity you need intelligence greatly, and in times of success intelligence is a luxury. The axiom is particularly applicable in military intelligence but it is also applicable in the type of intelligence that supports diplomacy. These statements quite well epitomize the way our Government in history has handled intelligence. If we start in the earliest days during the pre-revolutionary period, we shall find a quite typical pattern found in most eras of revolution or change. The colonists banded together in secret groups or in secret societies in an organization that finally culminated in the Committee of Correspondence. The committee was a means by which the various colonies exchanged views and information and by which they passed reports back and forth.

25X1A9A

I think it is probably quite accurate to say that during the Revolutionary War General Washington had better intelligence than did his opposing generals. On the other hand, however, we should not say

that the odds were a hundred percent that way. Again we have a pattern quite consistent with intelligence operations throughout history, in that in a country divided within itself, you will have intelligence potential on both sides. Basically here, in view of the fact that most people of the nation were revolutionary, obviously Washington would get the better intelligence because they were reporting to him. But the Tories also kept the British quite well informed.

Perhaps the most interesting phase of American intelligence history during the American Revolution occurred overseas when emissaries were sent to France. We had Mr. Franklin, who has already been mentioned this morning, and we also had Silas Deane. These emissaries were initially secret emissaries, but very obviously they soon became well known. In fact, a degree of how well known they became was that Silas Deane hired for himself a male secretary. One hundred years later it was discovered that the male secretary throughout his employment by Silas Deane had been a British agent. Everything that Deane had done in negotiating with the French to get assistance for the colonies had been thoroughly and completely reported to London. Therefore when Vergennes decided he would support the colonies with money and with munitions and eventually with troops, this information was all quite well-known in advance in London. Further, as the negotiations for the peace treaty proceeded, I think our negotiators thought they were doing quite well with the British. Of course, everything that was done in Paris simultaneously was equally well known.

in London. Consequently one wonders in retrospect whether this was actually a well negotiated treaty or a bit of generosity on the part of King George III.

During the period of expansion after the end of the American Revolution, the bulk of the intelligence work in this country was done by other powers. You will find that the Spanish and the French and the British were by far the most active in the intelligence field here. The French and British, particularly in the North and in Louisiana, negotiated with Indians and with others to do their best to break up the new United States. You will find also the infamous Spanish conspiracy in which General James Wilkinson participated along with some others. The plan was designed primarily to break off Kentucky and the western parts of the colonies and to align them with the Spanish.

In the period that passed between then and the Civil War, what intelligence work we did as a nation was sporadic, if existent at all. Of course, I would stress again here that this was a period in world history during which secret diplomacy played a large role. But secret diplomacy is something that has always been slightly abhorrent to this country. Our national existence was predicated upon some of the precepts laid down in Washington's farewell address in which he enjoined the country not to engage in entangling alliances because we had very little identity with what went on in Europe. He also distrusted what the European negotiators were going to do here. But I would point out that in much of our history the youth of executive

~~SECRET~~

Approved For Release 2002/01/29 : CIA-RDP78-04308A000100040005-8

agents is something that in a way has been used, not only for deep secret diplomacy, but to a certain degree in intelligence itself. I think this will come out quite clearly when I get into the modern era and talk about some of General Donovan's activities in the days before the organization of our present modern structure.

When the Civil War broke out, basically neither the Union nor the Confederacy had any organized intelligence. On the other hand, I would point out at the start of the war if there were a better intelligence service or a better concept of intelligence, it was possessed by the South rather than by the North. The South was, in the first place, on the defensive. The southern states were, secondly, anticipating or at least apprehensive of Lincoln's using coercion to break down the issue of states rights. Consequently they made sure that they had certain sources of information available in Washington when the break in relations occurred. You will find some quite fascinating reading on this period, particularly as far as Washington was concerned.

Perhaps during the Civil War one of the famous or infamous agents, depending on which side you are, was a woman who in Washington had become the Perle Mesta of her time. Her name was Rose O'Neil Greenhow and she had extremely strong Southern sympathies, and as I said she was a famous hostess. She had been a hostess to President Buchanan, she was at all times a hostess to almost all of the prominent members of the Congress and the Cabinet, and she was assiduous in cultivating

the outstanding people in Washington. At the outbreak of hostilities, Mrs. Greenhow was approached by a gentleman, who later became a Confederate officer, and was asked to supply information on a regular basis to the Confederacy. At the first Battle of Manassas or the first Battle of Bull Run, they are the same, I would say that her intelligence reports were decisive. She not only advised the Southern commanders of the impending attack on the Manassas Junction, which incidentally is the key to all Northern Virginia, but she gave the exact strength of the Union forces and the time of the attack. The result, if you know your military history of the Civil War, was that the Confederacy was able to get two armies on the scene in time to turn the battle into a Union rout. One could speculate at some length as to what the course of history might have been had this battle gone the other way; if the loss had broken the Confederacy at a very early stage before it became well organized.

I have been fascinated by this period of our intelligence history; in fact, I have often thought to myself what a wonderful book one could write entitled something like "Captains Without Eyes." Basically in most of the battles in the early part of the Civil War, commanders on both sides were so appallingly ignorant of where the opposition was that it is incredible that the military disasters were not greater. For example, the Battle of Gettysburg was the case of two forces blundering into each other. Had Lee been well advised of the Federal dispositions, there is no question in my mind that he could have

~~SECRET~~

eliminated the Federal Corps one by one and turned Gettysburg into probably one of the most decisive battles in all history. With victory for Lee, the composition of our Government might have been different. But Jeb Stuart, Lee's eyes, was off wandering around seeing some of his girlfriends, as well as doing a little extra-curricular patrolling in areas of no concern to the Confederacy at that time. And the agents that Lee had sent out came back too late to be of any particular use.

I might add that the intelligence was equally as bad on the Union side. Only by the fact that Union troops were able to get in and occupy major defensive positions at Gettysburg before Lee could strike a decisive blow was the Union victory what it was.

I would cite finally in our Civil War period as one of the most notorious examples of a captain without eyes, General McClellan before Richmond. Here he had working for him that gentleman who has now become a legend in our history as a private eye, Mr. Pinkerton, and who was probably essentially the first chief of Federal intelligence in the United States. Pinkerton had gained his reputation with Lincoln by some excellent protective work in bringing Lincoln through Baltimore on his way to Washington when, as you know, Baltimore was very hostile to the Union and particularly to Lincoln. Consequently Mr. Pinkerton had been more or less put in charge of Union intelligence. Well, to make a long story short, Pinkerton distinguished himself with McClellan in front of Richmond by almost consistently estimating the Confederate forces at twice the number they actually were. And this is the reason

~~SECRET~~

"Little Mac" got his reputation for never moving. He drove Abraham Lincoln to a high degree of frustration, because the President felt he couldn't find a general who would attack. Had McClellan been more accurately informed as to the place, strength, and disposition of the Confederate forces, he might well have struck; then the course of history might well have been changed.

Gentlemen, I would point out, too, as an aspect of military intelligence never to underestimate the usefulness of mobile forces as intelligence weapons. Sound estimation was particularly needed during the Civil War when initially you had the magnificent cavalry of the South under men like Stuart and later you had the almost equally magnificent cavalry of the North under men like Custer, Kilpatrick, and others of that nature. These men and their forces were, in effect, the eyes and the ears of the commanders to great degree.

But don't underestimate either the speed with which intelligence could travel in those day. The Union used the telegraph extensively, and on occasion the Confederates tapped the telegraph lines and picked up the messages that were being sent. The semaphore system from high peaks was extensively used throughout the area of Northern Virginia. And last, but not least, for the first time in our history aerial reconnaissance was used. It had previously been used in the French Revolution. Particularly in front of Fredricksburg and in front of Richmond, observations of the move of enemy dispositions behind the front were made from balloons.

But again when the war ended we almost immediately disbanded most of our intelligence organization. This action perhaps was consistent with history because the country was then preoccupied with the agonies of reconstruction and with trying to weld together once again a nation.

When World War I arrived, we entered a period of development that we again were to duplicate to a certain degree at the start of World War II. We went into a war and depended upon our allies to a large extent for command and intelligence. World War I was quite different ultimately from World War II in that there was a major issue at the time of World War I over the brigading of troops together, with an insistence that all troops be brigaded under one commander. We were, however, totally dependent upon our allies almost entirely throughout the military phase for intelligence.

Perhaps one contribution that World War I made to the understanding of intelligence in the American society was what hostile intelligence can do. The public had their eyes opened to a certain degree, and much more later as history develops, to the activities of the notorious German agents Von Papen and Von Rintelen in this country. And it only goes to prove that we were notoriously negligent ourselves and in our self-discipline when we have to say that such agents had almost complete freedom of activity until their Machiavellian negotiations were exposed and they were expelled from the country. And then of course the Zimmerman telegrams were one of the major episodes

SECRET

in a massive effort at deception and controlled influence by injecting into a diplomatic system information calculated to strongly influence policy.

In the period between World War I and World War II we were, of course, in the last throes of the isolation of this country from the rest of the world. Some of you remember this period; others have studied it in history. I remember it vividly, perhaps it came at one of the times when events like this were affecting me strongly. I remember my high degree of anger at the America Firsters because I thought that they were small minded and had no real perspective of world history.

Now admittedly, perhaps with a little more maturity, one must recognize that there are two sides to every single issue. But isolation was characteristic of a very strong element in this country then. I might add the attitude still has a certain very important influence in the nation. There is a large body of people in the United States who feel that we should not associate ourselves to a large degree with international affairs. Rather we can stand in the splendid isolation separated as we once were from other nations by two oceans and many hours, if not days, of travel. Such a stand, particularly during the Republican administration, had been a very strong influence against having a large overseas intelligence organization and against doing very much to find out what really had been going on behind the scenes in the European and Far Eastern chancelleries.

Perhaps the best way to describe this situation is to quote a man whom I do not wish to derogate in any way by this quotation because his contribution to our nation was of immense importance, and he was an able civil and public servant. But Henry Stimson, who served both as Secretary of State and Secretary of War, disbanded what was then called the Black Chamber of the State Department. The Black Chamber was the cryptographic center, and it read other nations' diplomatic communications if it succeeded in breaking the codes and in deciphering the messages. Mr. Stimson disbanded the Black Chamber with the now classic statement, "Gentlemen don't read each other's mail." Consequently there went out of existence one of the primary methods we had for determining what was going on in the secret elements of international relations.

In fact, Mr. Stimson's attitude was reflected in the early days of the Office of Strategic Services when an OSS senior officer went to see a very senior officer in the Department of State and said, "We

25X1C

25X1C

tary." The Foreign Service officer reared back and said, "Well, I've never heard of such an appalling thing. You mean to say that you're going to prostitute our entire diplomatic mechanism for the sake of espionage. This simply isn't done in modern society." With great restraint the officer from OSS did not pursue the subject any further on that level, but simply took the matter a little higher. He did not bother to point out to the Foreign Service officer that the entire

25X1C

~~SECRET~~

This incident was again typical, not only of the attitude and the philosophy in our conduct of foreign relations, but regrettably, I must say, of the naivete of some of our people engaged in foreign relations. So this was the period we went through in the twenties and the thirties.

Then came the period in which we again found ourselves backing into a war, World War II. Now I want to start before Pearl Harbor with my description of intelligence in World War II because I think we can truly say that the father of Central Intelligence is William J. Donovan of New York. He was the man who sounded the klaxon, gave the alarm alerting Franklin Roosevelt and other senior officials in Washington that something had to be done; that we couldn't rely on our antiquated and fragmented intelligence system. We simply had to organize a central system; we had to coordinate our intelligence efforts; we had to organize them on a world-wide basis; we had to do everything in a hurry. General Donovan, Bill Donovan, as he was known even to his lower subordinates in the OSS, to those of us who had the great fortune to be associated with him in any degree, was born in Buffalo, New York, went to Columbia Law School, became a noted public citizen, and in World War I became the most decorated soldier in the history of the United States. He received every combat decoration that the United States could give, including the Congressional Medal of Honor, for his valor in leading the 69th Regiment of New York. In the period between the wars, Donovan was constantly active in all types of international affairs. He served on the food mission to Poland. He served

~~SECRET~~

~~SECRET~~

on a mission to Mexico. He was constantly traveling. He was what you might call an inherent intelligence officer. Perhaps he had many of those attributes that I already have described to you. Donovan was always volunteering his services to the government. I might add that despite his being a Republican, he volunteered his services to the Democrats. Consequently he was quite often in Washington talking to Franklin Roosevelt and others about what he thought should be done in the intelligence field.

The atmosphere in 1939 and 1940 in this country was one that history dictated. There was a great deal of skepticism about the ability of the British to stand. A considerable amount of pro-German sentiment was quite natural in view of our very large German-American population. There was admiration, albeit not for the Nazis, for the German military strength. This admiration was quite a sincere admiration because the Germans had demonstrated that they were fighting World War II and not fighting World War I over again. And their blitzkrieges were magnificent to see from the cold-blooded point of view of military historians. Consequently you should recognize that there was no clear and decisive opinion in this country that said, "We've got to get into this war." Furthermore it should be noted that the Western part of the country was looking to the Pacific. Japan, in those days particularly, had a very, very strong influence in California. And there was great concern about the further onrush of the Japanese Empire. We had gone through the Manchurian and Chinese episodes with the Japanese.

~~SECRET~~

The country was truly divided, not only divided in philosophy, but divided in outlook. France had fallen and so had Poland with almost unbelievable rapidity. I must admit I was one who never believed that the French Army with over a hundred divisions could be crushed so completely, and split asunder so fast, as it was in the space of just a little over three weeks. Here was an army with the reputation of being the largest and best standing army in the world. It had fought magnificently in World War I, but now had been so corrupted by the venal politicians both in its own service and in the French Government that when the real attack came the Germans just cut through it like a knife through butter.

So the atmosphere then was one in which we found England standing alone, literally a tiny rock off a continent of German dominance. There was the question of how long the British would stand and what we would do to answer the question. President Roosevelt asked Donovan to go abroad and see what the situation was. I might add that at this time the G-2 of the United States Army happened to have been a roommate of my father in the Military Academy back well before the turn of the century. Therefore we knew him quite well socially. He was convinced that the British would fall; that the British Empire could not stand. Here then was the chief of military intelligence in the United States, and here was what he was saying. But when Donovan came back from his trip abroad, he was unequivocal in his report to the President. He said, "The British will stand. They'll be able to stand and fight. They'll be able to hold off the Germans until the time comes when we can give them the assistance that's required."

~~SECRET~~

Then President Roosevelt sent Donovan on a second trip, and this one was to the Mediterranean and Yugoslavia and throughout the Balkan area. This time Donovan came back having gained a bit of notoriety by losing a briefcase with some classified material in it in a train in Yugoslavia. But his report nevertheless was of quite major significance. Like all of Donovan's reports, it had some real gold in it; for he said to Roosevelt, "Listen, we've got to mobilize. We've got to get a blocking force into the Balkans. We've got to block the Germans from North Africa. The Germans are coming down to North Africa." Well, he was prophetic. True, nobody did anything about the report. But this was a very prophetic statement. This time, too, Donovan said to Roosevelt, "Mr. President, we've got to organize for global conflict. We need a central organization for information, for intelligence, and for action. I'd like to have your permission to organize it." And so the President sent him around to see the Cabinet members, particularly Stimson, who was Secretary of War; Knox, who was Secretary of the Navy; and Jackson, who was Attorney General. The President said, "Talk to them and see what we do." Donovan did, and the result was the establishment of the office of the Coordinator of Information.

The Coordinator of Information was an office originally in the Apex Building, Constitution Avenue and 6th Street. I remember going into those offices in the very early days. There were a whole bunch of eager people around Donovan. Nobody knew exactly what he was going to do, or how he was going to do it, for the office encompassed

everything in the field of information intelligence and irregular warfare. This organization lasted a little over a year. It had become quite obvious at the start that it was a mixture of apples and oranges and even some peanuts. It even was concerned with domestic information. Now domestic information, ladies and gentlemen, is a supersensitive subject in our country. If you are passing out information for the American public, you are always going to be in hot water with the Congress; for there is touchy intolerance of propagandising our own people. It is all right to propagandize abroad, but not here. Therefore Donovan very early saw that he should split off the official information part of this organization from the intelligence and covert action one. Furthermore he had not been arriving at complete agreement with another strong-minded and able individual, Robert Sherwood.

The answer was an agreement to split the organization. As a result we had the Office of War Information (OWI) and the Office of Strategic Services (OSS) established. The OWI is really the forerunner to the present United States Information Agency. In fact, you will find quite a cadre of the same people who started back in 1941 with OWI and who have come on down through the years. Consequently they are quite experienced in the business of getting information to peoples abroad.

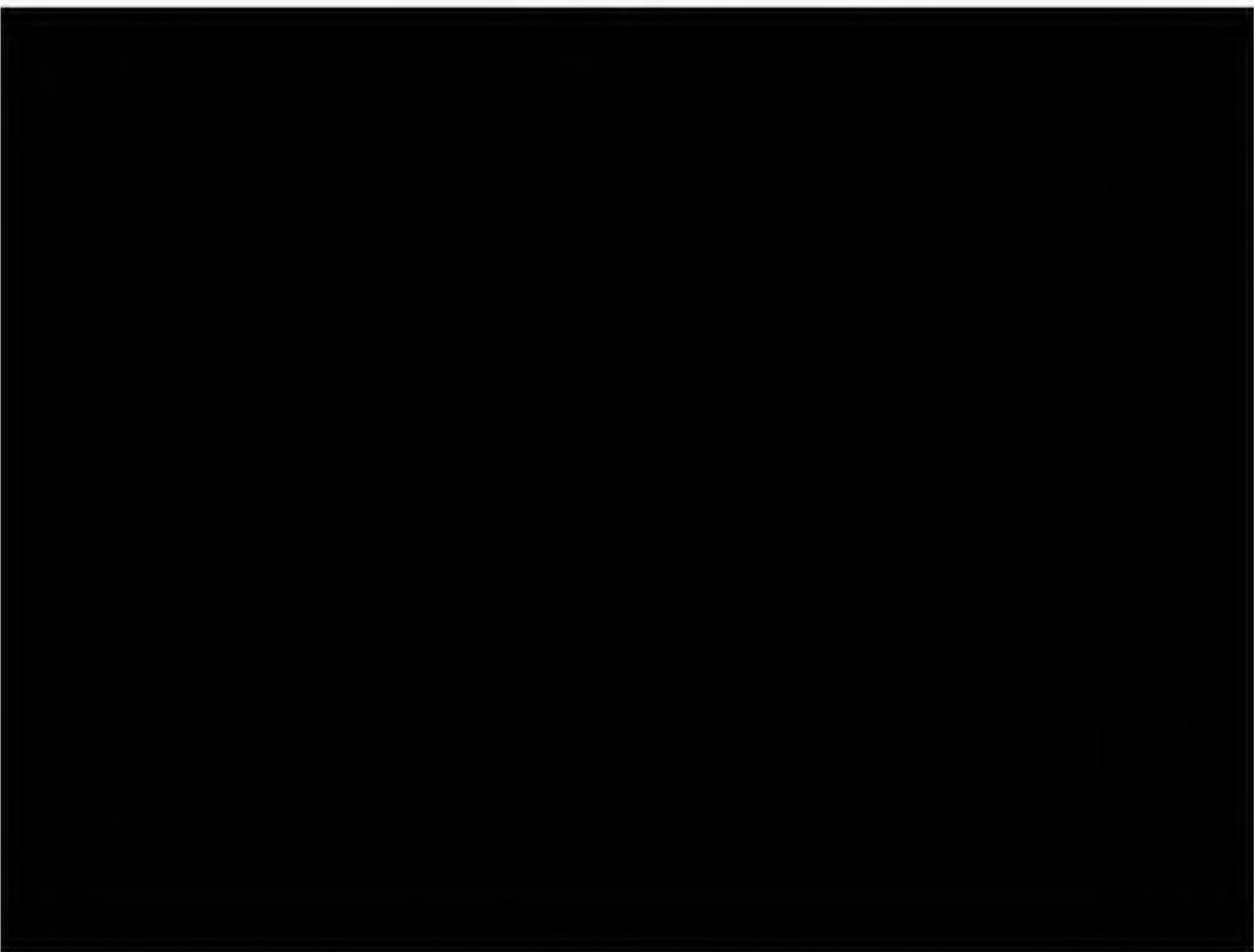
The OSS, established in June of 1941, had a tremendously broad charter. The history of the development of this charter is a fascinating one and frustrating one. Whereas the President said go ahead

SECRET

and do it, this instruction did not always mean that the Pentagon rapidly fell into line or that the Department of State was completely eager to do everything that the President wanted done or that Donovan thought should be done. Furthermore Donovan was a man of action. In fact, I would say he was a man of great action, of great stimulation. All sorts of ideas on how to prosecute the war on an irregular basis saw light in the OSS. But the fight for the charter went on for the better part of a year and a half before the Joint Chiefs of Staff finally gave OSS the charter that it required. Even then the charter was a partial one. As an example, the Federal Bureau of Investigation (FBI) had the charter for all intelligence collection in South America; consequently that area was excluded from the OSS charter. Then General MacArthur did not want the OSS operating in the Far Eastern theater. Therefore basically the OSS never operated in the Far Eastern theater, even though it was very active in the China-Burma-India theater. And so the organization operated on a global basis with certain major areas of exclusion.

Now I should note as part of this history the fact that General George B. Strong, the G-2 that I mentioned before, probably didn't believe what Donovan said about the British standing. He also didn't believe in a civilian-type organization or an organization that wasn't completely military in nature. I should explain that the OSS started out as civilian but that it came under the Joint Chiefs of Staff as both civilian and military. Therefore in that respect, it was always

25X1A



Donovan, in the meantime, had started from scratch to build up his OSS. He wanted to build an organization that would be able to do everything that he envisaged as decisive for the conduct of the war. First he established Secret Intelligence, the espionage branch of the Agency. It was directed at organizing espionage, not only behind the German lines and behind the Japanese lines, but also in neutral countries directed at Germany and Japan. Italy was affected to a much lesser degree because Italy was ready to crumble. Then came the second branch - what was called the X-2 Branch, the counterespionage branch. This was a

branch that in its early days depended almost exclusively upon the files of the British for its existence. The British had magnificent counter-espionage files. They very generously opened the files, not the whole drawer at once but bit by bit, for the OSS personnel to use. Despite Donovan's great persuasiveness, I might say that the British accepted OSS only gradually and were always a little skeptical. At the end of the war, though, they had to admit that for a wartime creation OSS had achieved some magnificent results. The third, and probably the most successful of the branches that Donovan organized during the war, was the Research and Analysis Branch. Here he established some major press gangs to go around the United States and tap brilliant academicians and other experts to come to Washington and do this research and analysis for him.

The importance of building the R & A Branch I don't think can be underestimated. Let me cite just a couple of examples of dismal ignorance of where we were going to fight and how we were going to fight. When the plans were made for the invasion of Europe, the liberation of Europe, it was discovered that basically there were no cartographic or hydrographic maps of the beaches of Western Europe, at least, none were available to the British or to ourselves. The British sent out a BBC broadcast urging everybody who had ever traveled abroad to send in postcards and snapshots of beaches and other areas; in fact, the broadcast wanted everything. The British expected thirty thousand pictures; they got seven million. Just the processing of the

information was a major problem. In fact, lack of knowledge about the beaches required even the landing of teams from submarines and from PT boats to dig up a chunk of sand to find out whether the beach would hold tanks or whether it wouldn't hold tanks.

Now none of the great volumes that we have today in what we call our National Intelligence Surveys existed at that time. When you landed and went into a town like Carentan in France, you didn't know anything about the water system or the electric system or the sewage system or where the town got its food or its police system. You didn't have any of the information that you've got to have, not for military occupation, but even when the combat troops are there for you to move in and take over the city and run it effectively. I'm saying this only to illustrate what R & A did. Its people were the ones that started working from scratch to put together the volumes of information that the United States needed to wage war successfully. They were the encyclopedia, the histories, the economics, the whole works about any given area where the war was going to be fought. Some of their work, I might add, was truly magnificent. Obviously in parts there were great gaps that could not be filled - information that could not be obtained. The R & A Branch, just to trace its history very quickly, did this great work with a large number of famous names in our academic world - [redacted] and Sherman Kent, whom we have back today, [redacted]

25X1A9A

25X1A9A [redacted] and many others who came into OSS to help out. R & A today is basically the nucleus of the Office of Intelligence Research of the Department of State. It went over to State at the end of the war.

25X1A

Approved For Release 2002/01/29 : CIA-RDP78-04308A000100040005-8

Approved For Release 2002/01/29 : CIA-RDP78-04308A000100040005-8

the French resistance was worth five divisions to him in Normandy. I can cite from my personal memory of my days in working on order-of-battle information that the Second SS Das Reich Division, a German armored division that had been down in the Bordeaux area, was so harassed by the resistance when the division was trying to move from Bordeaux up to Normandy that it took nearly 3½ weeks to make the trip. The trip should have been made in 3 days. The delay came because the division had to turn around like an animal fighting off terriers to hold against the resistance. So was the exciting aspect, the action aspect, of the OSS.

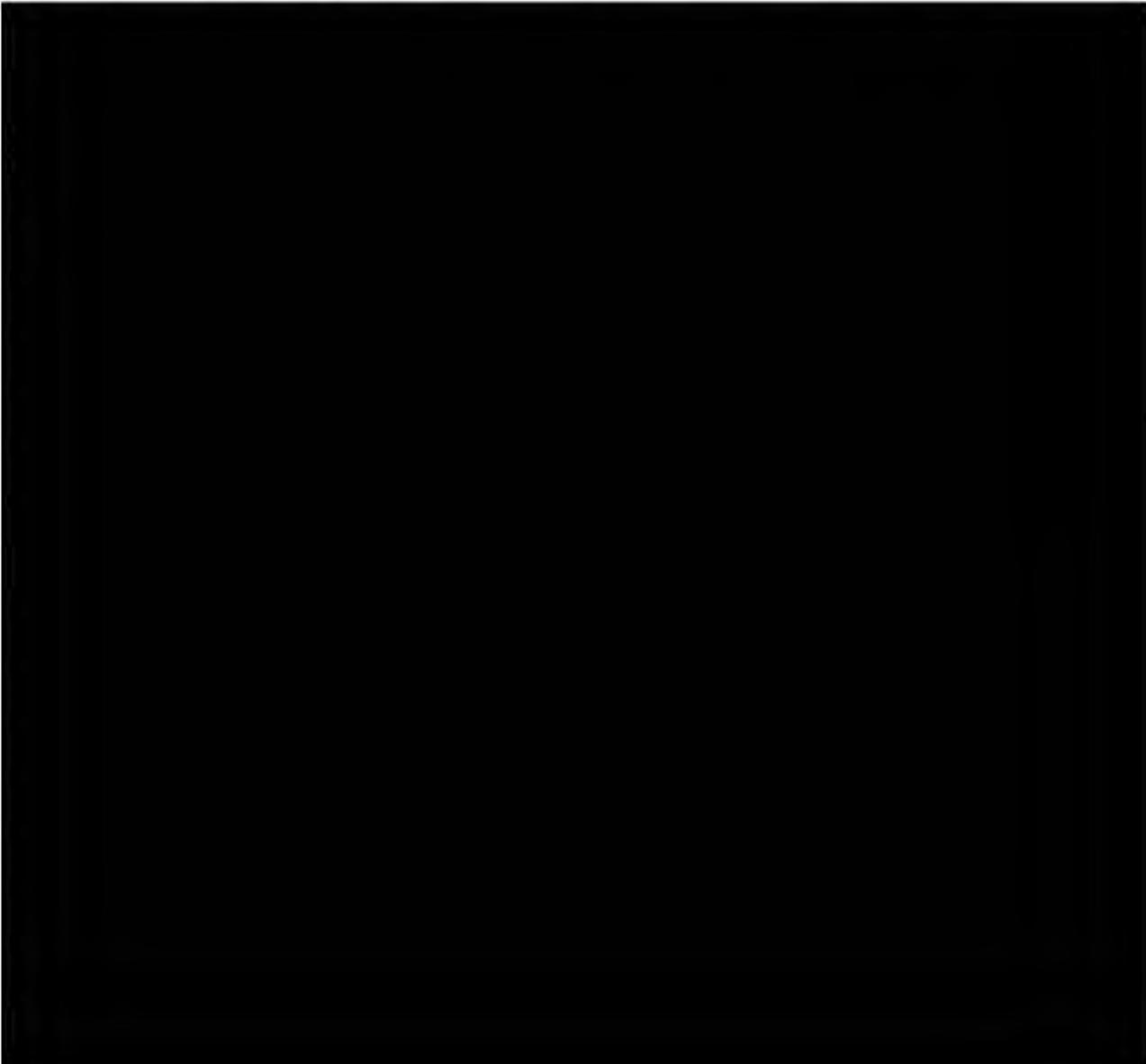
I wouldn't leave the topic without mentioning the famous 101 Detachment in Burma. This was the unit sent behind the Japanese lines in Burma which, together with Merrill's Marauders and General Stillwell's forces, played a very important role in the liberation of Myitkyina and other areas of Burma and in driving the Japanese out. This detachment was a group of brave and brilliant officers who lived behind the Japanese lines over a period of time and who had a large group of both Kachins and Karen and also some Chinese who helped them drive the Japanese back. In fact, we still have one of the officers with us, [redacted] whom you will probably meet in the course of your instruction. He is chief of our FI or espionage staff. Once in the China-Burma-India theater, [redacted] spent three days on the air strip in Rangoon while the Japanese still occupied it as he directed the forces that were coming in from the outside.

25X1A9A

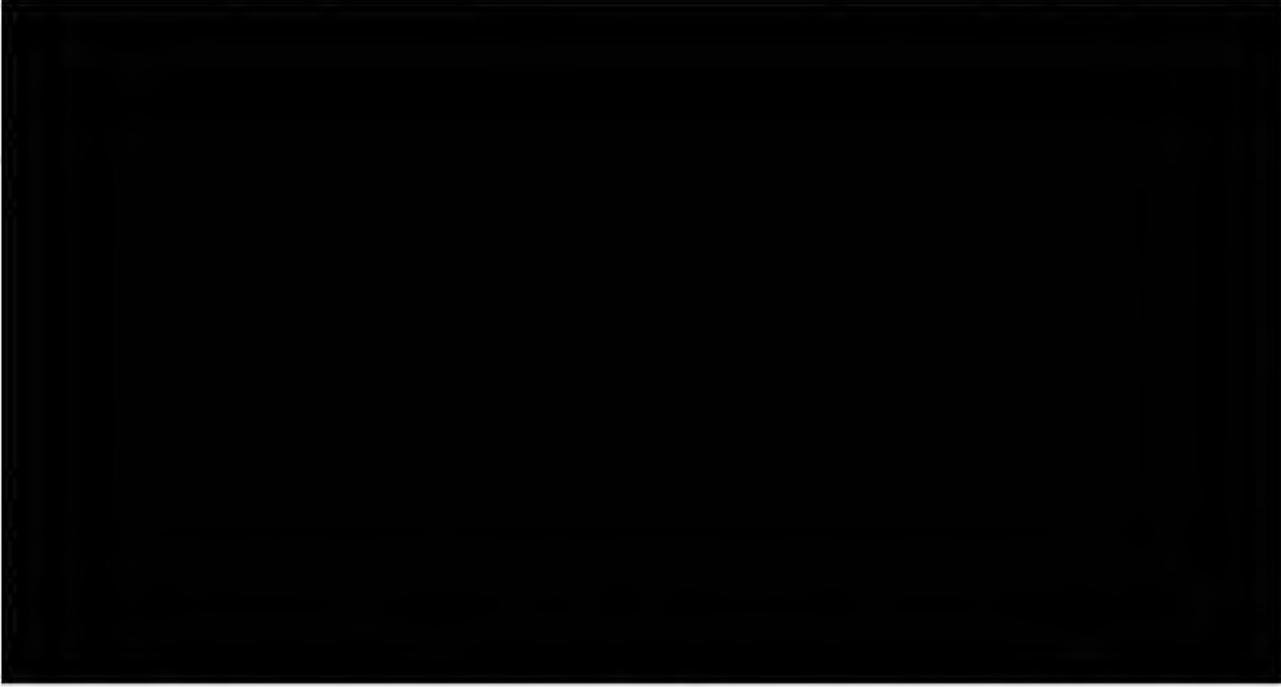
25X1A9A

25X1C10B

Now the last, but not the least, important of the OSS branches was MO, Morale Operations. Donovan stayed away from psychological warfare in such terms because there were psychological warfare sections in all of the services in the Pentagon. He had a little different thought in mind about what his morale operations were doing. And I would say his thoughts were basic in this whole field, for he wanted



25X1C10B



This was the OSS. It was an organization that in truth we must recognize as hastily assembled. Those of us who went into it were recruited from practically every walk of life. There were lawyers; there were newspaper men; there were doctors; there were truck drivers; there were professional wrestlers. Some rumors, which I've never verified, were that a pair of recruits were sprung from one penitentiary or another because they happened to be good safe crackers. All I know is that subsequently I did have one experience with a safe

25X1A



Now let's go back a little in history to before OSS and pick up Pearl Harbor, for I think in one of the vital phases of American intelligence history we must know a little about Pearl Harbor. What happened at Pearl Harbor was written up in great detail during the extensive hearings held at the end of World War II in the rather futile and somewhat stupid effort to fix blame. I think that in the history I've traced of American intelligence there could be found as good a reason for Pearl Harbor's happening as anywhere else. As you know, however, Congress did hold extensive hearings to find out where the blame rested. The words of the hearings are public, all 36 volumes of testimony if you care to read them.

Those of us who consider ourselves professional intelligence officers, or flatter ourselves by so saying, dip back into the Pearl Harbor hearings periodically to look at the intelligence aspects, which are quite fascinating. In the simplest terms, ladies and gentlemen, if the United States Government had made use of the intelligence that it had available on December 6, 1941, there never would have been a Pearl Harbor. The fleet would have been out in the Pacific, where it would have been safely dispersed. It wouldn't have been lined up in Pearl Harbor at Battleship Row. Instead when the Japanese bombers arrived, they perhaps would have run into a hornet's nest. As it was 3,000 men died in a major military disaster.

What was this intelligence that we had available? Well, I won't go into extensive detail. I'll just illustrate by using items to point

25X1A

Approved For Release 2002/01/29 : CIA-RDP78-04308A000100040005-8

Approved For Release 2002/01/29 : CIA-RDP78-04308A000100040005-8

~~SECRET~~

received such tremendous publicity with the [redacted] messages which made Midway a victory for us rather than a smashing defeat. We were reading enough Japanese messages, however, to get some very important clues as to what the Japanese were doing. These messages were available through ASA, the Army Security Agency, to General Marshall. In fact, our former director passed the messages on to General Marshall.

25X1X4

Item four: The Department of State was conducting negotiations with two Japanese Ambassadors, Kurusu and Nomura. They were in Washington to work out the matters of extreme tension which had been generated between this country and Japan over our cutting off certain key war materials that the Japanese had been getting from us. This was the ostensible mission; however, careful analysis would have indicated that the way in which the Japanese diplomats were conducting the negotiations opened very serious questions as to what really was going on, particularly during the week of December first. Then they started to delay and delay and delay and to procrastinate. Now it is true that we weren't reading their messages fast enough, that is the instructions to Kurusu and Nomura, to be able to anticipate each of their moves. But it is true that they had postponed official meetings until a certain time on December seventh.

Taken together such items of information might have had a very different analysis had we been working on the system then as we are today, but unfortunately we weren't, and the consequence was Pearl Harbor. Perhaps a blow was needed to awaken this country to the realities of what was coming on. Nevertheless the dying of 3,000

men seems a tragic price to pay. So a central system of analysis is one of the basic factors here. Of course, the OSS was then in existence. It had not yet, however, achieved any eminence or any central function. In fact, it never did in the course of the war. Here lay the weakness. At the time of Pearl Harbor, everybody was reporting his intelligence directly to the highest authority; it was not all coming from any one central post or one central officer.

Now we enter into the modern phase of American intelligence. The modern phase which we are in today is just short of 20 years old, in my opinion. It started actually in 1942. This was the time when the first centralization paper was generated in the OSS at the instigation of General Donovan. It was written by a very able intelligence officer who died just two years ago, General John McGruder, a professional Army officer who spent the bulk of his career in intelligence work. This paper was the first proposal for a central intelligence organization. Inasmuch as OSS was then under the Joint Chiefs of Staff, it was sent to the Joint Subsidiary Planning Group for analysis. In 1944 Donovan prepared what in history will be known as the basic charter of the central intelligence organization. It was entitled "A Proposal for a World-Wide Intelligence Organization," and it was submitted to the President. President Roosevelt thought enough of it to ask that it be circulated to all intelligence and security officers and to all Cabinet members for their consideration. The consideration was long and rather deliberate. Mr. Stimson in his book on war and peace wrote to this effect: "Despite its eccentricities the Office of Strategic

Services made some very major contributions to the intelligence war effort."

It was fairly obvious at the time that the decision for a peace-time service should wait until the end of hostilities. Donovan, being a smart politician, felt differently. He realized with the impetus of war and with the pressure on to do something, he had a much better chance to get an agreement under wartime conditions than probably he would have in peace time. Just then came an unfortunate incident somewhat characteristic of Washington - a leak to the Chicago Tribune. Practically the full text of the Donovan paper was published in that newspaper. Even at the height of the war, the Tribune still published the information on February 9th, 1945. Well, there was an immediate hue and cry by the public about this proposal of Donovan to establish a "Gestapo" in the United States. Of course, he had absolutely no intention of that. His paper was quite specific that the proposed organization would have absolutely no internal security functions and no police or subpoena powers.

President Roosevelt, however, was sufficiently interested in the proposal contained in Donovan's paper to call Donovan in just a week before his death, in April 1945, and say, "Bill I want you to push this harder - get together and see what the Cabinet and the security officers think about it." Donovan asked each such top official what he thought about the proposal. From the historical point of view the answers make fascinating reading because the spectrum is right across the board. One Cabinet officer said he thought there was absolutely

~~SECRET~~

Approved For Release 2002/01/29 : CIA-RDP78-04308A000100040005-8

no need of the proposed organization whatsoever; there could be no conceivable need in peace time for an intelligence service. Over at the other end of the spectrum, of course, were the very strong views of the military and the State and Defense departments that we did need a world-wide peace-time intelligence service.

Needless to say, the paper did not get approval in wartime. The war against Japan ended in August; and on September 18, 1945, the Office of Strategic Services was ordered disbanded by the Bureau of the Budget. The order was put into effect rapidly. The Research & Analysis branch that I mentioned was transferred to the Department of State. Fortunately some very wise individual decided that the espionage and the counter-espionage branches, FI and X-2, should be maintained intact pending a decision on a peace-time organization. They were transferred to the Assistant Secretary of the Army in what was known as the Strategic Services Unit for him to hold and maintain until a final decision was made. The rest of the organization, 30,000 members, was disbanded. The organization went just like that. But as I say, two very important segments were kept in the Government.

President Truman took over here. He got more and more restive at nothing's being done in the field of centralized intelligence. Fleet Admiral Leahy was his Chief of Staff, the chief of the President's personal staff. He told Leahy in the fall of 1945, "I want you to get together with the Secretary of Army, the Secretary of Navy, and the Secretary of State. I want you to establish a national intelligence authority, and I want a central intelligence organization established."

In the meantime Ferdinand Everstaff, the New York attorney who had been very prominent in our defense establishment, had been working on the Unification Act. In this act he had important provisions establishing a central intelligence organization. But President Truman, not wanting to wait for the legislation, issued an Executive Order on January 20th of 1946 establishing the Central Intelligence Group. This quite remarkable document is similar to the Donovan paper in certain respects; it also was used extensively in the legislation passed the next year in setting up this agency. In July 1947 the National Security Act was passed. The act created five organizations, all rather important in the Government: the National Security Council, the Joint Chiefs of Staff, the Department of Defense, the Department of the Air Force, and the Central Intelligence Agency.

Now the provisions in this act, which as I said go back to and include many of the provisions that Donovan had laid out, as well as many of the ones that were in the Truman executive order, are quite important in the philosophy that underlies our work.

I want to emphasize those provisions in conclusion because they are to my mind some of the most vital elements in the present and in the future of this organization. The first was the concept that Donovan always had, namely, that a central intelligence organization should not report to any department or agency but should be directly responsible to the President of the United States. Now during the historical period of this organization, that is during the period that I have outlined between the start of World War II and the passage

~~SECRET~~

Approved For Release 2002/01/29 : CIA-RDP78-04308A000100040005-8

of the act, this matter of dual responsibility was extensively debated over. There was some feeling in the Department of State that a new central agency ought to be under State. Almost equally strong was the feeling that such an agency shouldn't be under State because it would contaminate diplomacy and bring into question the veracity of the word of the United States. Obviously the Pentagon felt very strongly that the agency should be under the Joint Chiefs of Staff. Pentagon people still feel very strongly that it should be under the Joint Chiefs of Staff, but they finally have recognized that a central organization has a certain number of merits to guard.

Now this concept of reporting to the President through the National Security Council, which is a deliberative but not a command body, has been maintained in the law. It has been further emphasized by the fact that our director and our deputy director each has two titles, Director of Central Intelligence and Director of the Central Intelligence Agency, and similarly deputy director. This means that Mr. Dulles is not only in charge of this agency from an administrative and executive viewpoint, but also the director of the central intelligence effort of the United States Government involving all of our intelligence agencies.

Donovan furthermore had wisely pointed out that the new agency should not supersede or impinge upon established departmental responsibilities. By this he meant that Army, Navy, Air, and State should all continue to do their particular phases of intelligence work - collecting information on enemy armies and the like. The new agency would not get into these

CONFIDENTIAL

activities by duplication. Finally, he had pointed out that the new agency should not have any police or subpoena powers, as I have mentioned, so that it would not infringe upon the responsibilities of the FBI. The central agency responsibilities would be outside the United States. The FBI's would be inside. Lastly, as the legislation phrases it, the new agency should perform services of common concern. Now by this phrasing the Congress clearly meant Federal directed espionage and counterespionage. You can't very well spell that out in a statute; it's just not done. Furthermore it was very clear that such was the way to do what should be done.

The background history of this particular organization I have tried to put before you. We feel that in the same 13 years the organization has existed by statute, or if you will, the 18 years it has existed counting preceding organizations, tremendous strides have been taken both internally and externally in crystallizing, in achieving agreement upon, and in making work a central intelligence organization that can keep the policymakers informed at all times about what is going on in the world. That's a concentrated capsule of the history of American intelligence.